

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SSM-03 IO-13 CIAE-00 DODE-00

PM-05 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 AID-05 COME-00 EB-07

FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02

SIL-01 OMB-01 /113 W

-----130839 210019Z /65

R 201500Z JUL 77

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 7343

INFO AMEMBASSY BUCHAREST UNN

AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEOBASSY DAMASCUS

AMEMBASSY JIDDA

AMCONSUL JERUSALEM

USMISSION SINAI

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E.O. 11652: N/A

TAGS:ELAB, PINT, IS

SUBJECT: THE HISTADRUT CALLS FOR PROTEST MEETINGS

REF: (A) TEL AVIV 5271, (B) TEL AVIV 5508

1. PUBLIC REACTIN TO THE SUBSIDY CUTS AND RELATED ECONOMIC MEASURES PROCLAIMED BY THE GOVERNMENT REMAINS SO FAR REMARKABLY CALM.IN THE MEANTIME, HISTADRUT ANNOUNCED THAT BEGINNING JULY 21 IT WILL CALL FOR PERIODIC "ONE HOUR MEETINGS" AT THE ENTERPRISE LEVEL TO PROTEST THE PRICE INCREASES AND TO INFORM WORKERS OF THE IMPLICATIONS OF THE GOVERNMENT'S MEASURES.HISTADRUT SECRETARY GENERAL MESHEL AND TRADE UNION DEPARTMENT HEAD ABRAMOVICZ ARE TO MEET WITH FINANCE MINISTER
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EHRlich ON JULY 24 TO DISCUSS THE GOVERNMENT'S WAGE-PRICE-TAX PROGRAM, INCLUDING SIX HISTADRUT DEMANDS ALREADY SUBMITTED TO THE GOVERNMENT AND ITS NEW DEMANDS FOR 100 PERCENT LINKAGE OF SALARIES TO THE COST OF LIVING AND QUARTERLY INSTEAD OF SEMI-ANNUAL ADJUSTMENTS.THE HISTADRUT EXECUTIVE BUREAU HAS ALREADY DIRECTED MESHEL TO RESOLVE THIS ISSUE BEFORE

OCTOBER 1, WHEN THE NEXT WAGE ADJUSTMENTS UNDER THE CURRENT COST OF LIVING AGREEMENT ARE DUE.

2. LIKUD REPRESENTATIVES BLAMED THE PREVIOUS LABOR GOVERNMENT FOR THE NECESSITY OF TAKING SUCH MEASURES AND VOICED THEIR SUPPORT FOR THE GOVERNMENT'S ACTION. ITS SPOKESMAN IN THE HISTADRUT WARNED OF SERIOUS DISRUPTION IF THE HISTADRUT LEADERSHIP USED THESE MEASURES AS A PRETEXT FOR SEEKING A POLITICAL CONFRONTATION WITH THE GOVERNMENT. AT THE SAME TIME, A NUMBER OF HERUT LEADERS, INCLUDING THE MINISTER OF IMMIGRATION AND ABSORPTION, DAVID LEVY, WHO HAD BEEN LIKUD'S CANDIDATE FOR THE HISTADRUT SECRETARY GENERALSHIP, EXPRESSED THEIR CONCERN THAT THE NEW MEASURES WOULD HURT THE LOWER INCOME GROUPS MOST SERIOUSLY. SEVERAL HERUT MKS CALLED ON THE GOVERNMENT TO EXEMPT TRANSPORTATION SERVICES FROM THE PRICE INCREASE. HOWEVER, DEPUTY MINISTER YORAM ARIDOR, WHO HAS BEEN DESIGNATED TO HANDLE LABOR AND SOCIAL AFFAIRS ON AN INTERIM BASIS, CALLED ON MINISTER LEVY NOT TO AIR PUBLICLY HIS RESERVATIONS OR DISAGREEMENTS WITH THE GOVERNMENT.

3. FINANCE MINISTER EHRLICH, ANSWERING THE OPPOSITION, HINTED THAT THE GOVERNMENT IS PREPARED LIMITED OFFICIAL USE

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TO MAKE AS YET UNSPECIFIED CONCESSIONS TO WAGE EARNERS, PARTICULARLY TO THE LOWER INCOME GROUPS, AND THAT HE HAD APPOINTED A COMMITTEE OF EXPERTS TO LOOK INTO THE OVERALL IMPACT OF THE NEW MEASURES ON THE COST OF LIVING AND HOW BEST TO COMPENSATE THE MOST NEEDS. AT THE SAME TIME, THE GOVERNMENT APPEARS ANXIOUS NOT TO LOSE TIME IN ANNOUNCING FURTHER PLANNED ECONOMIC AND SOCIAL REFORM MEASURES LIKELY TO BE OPPOSED BY THE HISTADRUT. THE MANUFACTURERS' ASSOCIATION HAS INDICATED THAT, WHILE IT OPPOSES 100 PERCENT LINKAGE AND QUARTERLY COST OF LIVING ADJUSTMENTS, IT IS AWARE OF THE NECESSITY TO SUBSTANTIALLY COMPENSATE WORKERS FOR THE EXPECTED PRICE INCREASES. THUS, IF MESHEL AND EHRLICH ARE ABLE TO WORK OUT A COMPROMISE, IT PROBABLY WILL NOT VIGOROUSLY OPPOSED IT.

4. COMMENT: IT IS OBVIOUS THAT THE HISTADRUT AND THE GOVERNMENT ARE TREATING THEIR DIFFERENCES OVER THE MEASURES WITH CARE AND ARE SEEKING TO AVOID A MASSIVE CONFRONTATION. NEVERTHELESS, BOTH SIDES

ARE AWARE THAT MORE DIFFICULT ISSUES LIE AHEAD
AND THAT SUCH A CONFRONTATION MAY PROVE UNAVOIDABLE.
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Disposition Case Number: n/a
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